



FrieslandCampina 
nourishing by nature



Half-year Report 2023

Royal FrieslandCampina N.V.

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Key Figures

In millions of euros, unless stated otherwise

	2023 First half-year	2022 First half-year	Δ%	2022 Year
Results				
Revenue	6,898	6,597	4.6	14,076
Revenue before currency translation effects	7,049	6,597	6.9	
Operating profit	47	328	-85.7	471
Operating profit before currency translation effects	57	328	-82.6	
Net profit	8	139	-94.2	292
Profit before currency translation effects	13	139	-90.6	
Operating profit as a percentage of revenue	0.7	5.0		3.3
Value creation for member dairy farmers				
Guaranteed price¹	49.96 ²	49.39	1.2	55.21
Pro forma supplementary cash payment ³		0.69		0.90
Meadow milk premium and Foqus planet premium ⁴	1.13	0.91		0.91
Special supplements ⁵	0.61	0.34		0.33
Pro forma milk price³	51.70	51.33	0.7	57.35
Interest on member bonds	0.56	0.27		0.31
Pro forma retained earnings ³	-1.68	1.03		1.03
Pro forma performance price³	50.58	52.63	-3.9	58.69

¹ In euros per 100 kilogrammes of milk excluding VAT, at 3.58% protein and 4.45% fat.

² This concerns the balance of the guaranteed price of 49.63 euros and a settlement of 0.33 euro per 100 kilogrammes of milk for a too low estimate over the first half-year 2023.

³ These elements are determined on the basis of the full-year profit figures.

⁴ Effective from 2023, member dairy farmers receive a variable Foqus planet premium for Sustainable Development, including pasture grazing, of a maximum of 3.50 euros per 100 kilogrammes of milk. The average premium is 1.73 euros per 100 kilogrammes of milk. Dairy farms supplying On the way to PlanetProof milk do not receive a Focus planet premium. The cooperative for 2023 withholds 0.60 euro per 100 kilogrammes of milk from all members for sustainability.

⁵ Special supplements concern the total amount of payments per 100 kilogrammes of milk for Landliebe, VLOG [non-GMO] and the On the way to PlanetProof of 0.52 euro per 100 kilogrammes of milk, and the difference between the guaranteed price paid for organic milk (61.05 euros) and regular milk (49.96 euros). On average, on all FrieslandCampina member milk, this amounts to 0.09 euro per 100 kilogrammes of milk.

Report by the Executive Board



Developments and results

Challenging first half of 2023 for FrieslandCampina

Results under pressure due to sharply declined commodity dairy prices and lower volumes



- Revenue rose by 4.6 per cent in comparison to the first half of 2022 to 6.9 billion euros; adjusted for currency translation effects increase in revenue 6.9 per cent.
- Volume of consumer brands under pressure due to persistent inflation and lower consumer purchasing power.
- Operating profit decreased by 85.7 per cent compared to the first half of 2022 to 47 million euros, primarily due to disappointing operating profits for the Food & Beverage and Trading business groups.
- Net profit decreased by 94.2 per cent in comparison to the first half of 2022 to 8 million euros.
- Adverse effect due to difference between milk price paid to member dairy farmers based on FrieslandCampina's milk price system and lower market value of stocks at the time of sale.
- Operating cash flow 90 million euros in comparison to -89 million euros in the first half of 2022; improvement in working capital driven by lower stocks and accounts receivable levels.
- The pro forma milk price for member dairy farmers increased by 0.7 per cent to 51.70 euros per 100 kilogrammes; the pro forma performance price decreased by 3.9 per cent to 50.58 euros, in comparison to the first half of 2022.
- No interim payment of the pro forma supplementary cash payment over the first half-year of 2023 to member dairy farmers.

The first half of 2023 was challenging for FrieslandCampina. As indicated at the start of the year in the ‘Outlook for 2023’, the economic conditions for the company deteriorated in the first six months of the year.

The milk price that FrieslandCampina paid to its member dairy farmers over the past half year was higher than the sharply declined market prices for commodity dairy products, particularly for cheese and butter. Expensive product stocks had to be sold in a declining dairy market. Furthermore, volumes declined as a result of market declines due to a loss of purchasing power and a shift in consumer spending towards private label. The Food & Beverage and Trading business groups were hit the hardest by this. The Ingredients and Specialised Nutrition business groups on the other hand had a good start of the year, but this could not compensate the loss in profitability at the other two business groups. As a result of the above developments, net profit declined sharply in the first half of the year.

Despite the challenging circumstances, FrieslandCampina has continued to invest in the company, future growth and sustainability. In Veghel (the Netherlands), FrieslandCampina Ingredients opened a new, sustainable production facility for lactoferrin, an important, high-quality protein for infant and adult nutrition. Furthermore, a large-scale pilot with a methane-reducing feed additive, in which almost 160 dairy farms with a total of almost 20,000 cows participated, was successfully completed. This is promising news relating to the future reduction of greenhouse gas emissions at dairy farms. The company has also refinanced maturing debts by issuing a 300 million euro Schuldschein linked to environmental, social and governance (ESG) goals. This would not have been possible without clear climate objectives and other sustainability priorities.



Jan Derck van Karnebeek,
CEO Royal FrieslandCampina N.V.
since 1 June 2023

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The results for the first half of the year are not at the level one can expect from FrieslandCampina. Improving our profitability in 2023 and beyond is therefore our top priority. That is why we have implemented short-term cost savings without jeopardizing our long-term growth prospects. In addition, we are working on refining our strategy, known as ‘Expedition 2030’, to structurally improve the profitability of the company, including the lower-margin product and customer segments. We look at both the revenue and the cost side of the company for this. Making FrieslandCampina more sustainable, for example by implementing our climate plan, will also be an important focus point within Expedition 2030.

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Increased revenue, decreased operating profit and net profit

In the first half of 2023, FrieslandCampina's revenue increased by 4.6 per cent to 6.9 billion euros compared to 6.6 billion euros in the same period last year. The growth in revenue was primarily driven by earlier implemented price increases. In the first half of 2023, commodity dairy prices dropped faster than the milk price paid by FrieslandCampina to its member dairy farmers based on its milk price system. On top of this stocks produced at a higher cost price had to be sold at a lower market value, which had an adverse effect on profitability.

The operating profit and profit declined in the first half of 2023 in comparison to the same period last year. Operating profit amounted to 47 million euros, a decrease of 85.7 per cent compared to 328 million euros in the first half of 2022. Profit amounted to 8 million euros, a decrease of 94.2 per cent compared to 139 million euros in the first half of 2022. Interest rate increases, unfavourable currency translation effects, loss in purchasing power and a shift in consumer spending all contributed to this.

Mixed results among business groups

The Food & Beverage business group's revenue grew due to price increases by 1.9 per cent to 4,799 million euros in the first half-year of 2023, compared to 4,711 million euros in the same period last year. Volume declined due to loss of purchasing power and a shift in consumer

spending towards private label. The Professional business managed to maintain its volumes at the same level compared to the first half of last year, but the significant decrease in commodity dairy prices had a substantial impact on its results. The operating profit of the entire Food & Beverage business group decreased by 85.4 per cent to 23 million euros in the first half of 2023. The operating profit in the same period last year was 158 million euros.

Specialised Nutrition reported excellent revenue and operating profit figures, partially driven by growth in infant nutrition sales under the Friso Prestige brand in the ultra-premium segment in China. The business group's revenue increased by 17.1 per cent and amounted to 582 million euros, compared to 497 million euros in the first half of 2022. The operating profit increased by 30.9 per cent and amounted to 127 million euros, compared to 97 million euros in the first half of 2022.

A 50.6 per cent increase brought the operating profit of the Ingredients business group to 131 million euros in the first half of 2023, compared to 87 million euros in the same period last year. At 752 million euros, revenue remained the same as in the first half of 2022.

The revenue of the Trading business group increased by 24.8 per cent to 765 million euros in the first half of 2023, compared to 613 million euros in the same period last year. Lower volumes for consumer products in the business group Food & Beverage and the almost stable supply of milk meant that Trading had to trade more commodity dairy products. The result of Trading was negatively impacted by the steep decline in commodity dairy prices. As a result, commodity dairy products produced at a higher cost price had to be sold at a lower market value. Operating profit decreased substantially to -138 million euros in comparison to 71 million euros in the first half of 2022.



Business groups - results

In millions of euros, unless stated otherwise

Food & Beverage

Third-party revenue

4,799 ▲ 1.9%

First half-year 2022: 4,711

Operating profit

23 ▼ -85.4%

First half-year 2022: 158

Operating profit as a percentage of third-party revenue

0.5%



Specialised Nutrition

Third-party revenue

582 ▲ 17.1%

First half-year 2022: 497

Operating profit

127 ▲ 30.9%

First half-year 2022: 97

Operating profit as a percentage of third-party revenue

21.8%



Ingredients

Third-party revenue

752

First half-year 2022: 752

Operating profit

131 ▲ 50.6%

First half-year 2022: 87

Operating profit as a percentage of third-party revenue

17.4%



Trading

Third-party revenue

765 ▲ 24.8%

First half-year 2022: 613

Operating profit

-138 ▼ -294.4%

First half-year 2022: 71

Operating profit as a percentage of third-party revenue

-18.0%



Operating cash flow

Cash flow from operating activities was 90 million euros in the first half of 2023, compared to -89 million euros in the same period last year. This increase was primarily due to improvements in working capital.

Milk supply in line with last year

In the first half of 2023, member dairy farmers supplied 4.8 billion kilogrammes of milk to FrieslandCampina's production facilities. This was 0.5 per cent more than in the same period last year.

Milk price

(amounts stated are exclusive of VAT)

In the first half of 2023, FrieslandCampina paid its member dairy farmers a slightly higher average guaranteed price per 100 kilogrammes of supplied raw milk than in the same period last year: 49.96 euros versus 49.39 euros. The guaranteed price significantly increased in the first half of 2022 and stayed more or less stable until December 2022, while the price dropped significantly in the first half of 2023. As a result, the average price ended up at more or less the same level. However, the pro forma milk price (guaranteed price plus premiums) per 100 kilogrammes of supplied raw milk increased from 51.33 euros in the first half of 2022 to 51.70 euros in the first half of 2023. The pro forma performance price (milk price plus interest on member bonds and addition to retained earnings) declined from 52.63 euros to 50.58 euros because of negative retained earnings due to the lower results.

The dairy market in the first half-year of 2023

The high demand for milk combined with a low supply resulted in rising prices in the global dairy market last year. However, this situation changed at the end of 2022, when demand declined causing prices to drop. This trend persisted in the first months of 2023, with a continued decrease in demand and a declining trend in dairy prices.

European Union

Milk production in the first half of 2023 showed a mixed picture in the European Union. While the Northwestern EU member states produced more milk than in the same period last year, milk flows in the south and southeast decline considerably. This was caused by the extreme drought and heat that plagued these regions and the declining margins of dairy farmers. In the first quarter, the total milk supply in the European Union increased by approximately 0.9 per cent and by approximately 0.4 per cent in the second quarter.

United States

The milk supply in the United States increased by 0.8 per cent in the first half of 2023, but lagged expectations due to unfavourable weather conditions. It was cold too long in the northeast and too dry in the southeast. Most of the milk was used for the production of cheese (cheddar and mozzarella). However, high inflation caused consumer prices to increase significantly, as a

result of which the demand and sale of dairy products decreased in the retail channel, as well as in the foodservice channel. This resulted in lower product and milk prices.

New Zealand

In 2022, milk production in New Zealand suffered greatly from the cold and dry weather conditions and high feed costs. In 2023, there was a turnaround due to more precipitation and lower feed prices. As a result, milk production gradually started to recover. The milk supply in the first half of 2023 increased by 2.9 per cent.

Australia and Argentina

Milk production in Australia has experienced the negative effects of climate change for years. Due to forest fires and heat, milk production in 2022 decreased by 6.7 per cent compared to the year before. This trend persisted in the first half of 2023, with a decrease of 2.5 per cent. Milk production in Argentina was stable despite the extremely dry and warm weather conditions at the beginning of 2023. In the second quarter the situation improved due to more precipitation. Milk supply in the first half of the year decreased by 0.3 per cent.

Summary

Milk production in the northern hemisphere did not grow as much as expected in the first half of 2023. According to the Rabobank the increase

was a mere 0.5 per cent compared with the same period last year. The southern hemisphere experienced a decrease in milk production, primarily caused by drought and high costs in Australia. New Zealand was the only region to display slight growth in the first half of 2023.

Demand trends

China, which accounts for approximately one quarter of the global trade in dairy, is an important player on the dairy market. As the largest importer of dairy, China aims to become less dependent on foreign dairy and is therefore investing in growing its own dairy farming sector. Domestic milk production in the first half of 2023 increased by approximately 5.5 per cent. In contrast to what was expected, the lifting of the lockdowns to combat the corona outbreaks, did not result in an increase in the domestic demand for dairy. Moreover, China's disappointing economic growth resulted in a lower demand for dairy. Furthermore, the extra milk production was primarily used for drinking milk and consumer products that previously largely were made from milk powder. All of these factors contributed to a decrease in the import of dairy by 6.3 per cent in the first half of 2023.

High global inflation caused a significant drop in the demand for dairy in other major import countries, particularly in Africa and Southeast Asia. As a result the import of dairy in these countries decreased and as a consequence so did the export of dairy in exporting countries.

Price trends

The sustained and high inflation has resulted in a global decrease in the consumption of dairy products. In addition, a slight increase in milk production in the northern hemisphere has contributed to a surplus of milk in the market. As a result of the developments referred to, most commodity dairy prices declined in the first half of 2023. The expectation is that prices will increase again, once the global demand for dairy products improves.

Fluctuating butter prices

Butter prices are primarily determined by developments in the European market. In the first half of 2023, the price of butter fluctuated between 4,300 and 4,950 euros per tonne, a difference of approximately 15 per cent. The price started off the year at 4,950 and ended up at 4,750 euros per tonne in June. This was the result of the balance between supply and demand of butter in Europe.

Fluctuating milk powder prices

The global market has a major impact on the price of skimmed milk powder. This price fluctuated significantly in the first half of 2023. In January 2023, the price was 2,780 euros per tonne, but by April it had declined to 2,250 euros per tonne. By the end of June, the price rose slightly to 2,370 euros per tonne. The price of whole milk powder did not fluctuate as much. This price started off the year at 3,850 euros per tonne and dropped to 3,290 euros per tonne in April. After

this, the price once again recovered to a level of 3,500 euros per tonne by the end of June.

Varying picture for cheese prices

Cheese is the most important product made from Dutch milk. Approximately half of the milk produced is used for the production of cheese. Valuable proteins are extracted from the whey, which remains after the milk is curdled, and are used in a variety of products, such as infant nutrition, medicines and sports nutrition. The demand for cheese and whey proteins is expected to continue to grow.

Basic cheese prices fluctuated significantly in the first half of 2023. In January, the price was 3,500 euros per tonne, but by February it had declined to 2,800 euros per tonne due to decreased buyer demand. Thereafter, the price once again increased due to improved exports on the global market, and in June reached a level of 3,500 euros per tonne.

By contrast, the price of naturally matured Dutch Gouda cheese steadily declined from 5,100 euros in January to 4,100 euros per tonne in June, a decrease of approximately 20 per cent.

Decreased whey powder prices

The whey powder price dropped due to an oversupply of whey and a reduced demand from the calf milk and whey processing industry. The price dropped from 820 euros per tonne in January to 630 euros per tonne in June.

Significant drop in milk prices

In the first half of 2023, commodity dairy prices further decreased in the European Union, as well as in the global market. This affected the average European milk price, which decreased by approximately a quarter from 58.25 euros in December 2022 to 44.91 euros per 100 kilogrammes in June. FrieslandCampina's guaranteed price decreased from 62.51 euros in December 2022 to 43.25 euros per 100 kilogrammes in June, a decrease of 31 per cent.

In the first half of 2023, FrieslandCampina paid its member dairy farmers 6.05 euros more per 100 kilogrammes of supplied organic raw milk: 61.05 euros compared to 55.00 euros in the same period last year. The pro forma price per 100 kilogrammes of organic raw milk amounted to 62.72 euros compared to 57.31 euros last year.

Interim payment of pro forma supplementary cash payment

Due to the lower result and a higher allocation to interest on member bonds and to non-controlling interests, no interim payment of the pro forma supplementary cash payment over the first half-year will be paid to member dairy farmers. The interim payment normally amounts to

75 per cent of the pro forma supplementary cash payment over the first half-year. The final settlement takes place in the subsequent year, based on the Company's annual results and the total quantity of milk supplied.



Company developments in the first half of 2023

Sustainability

Climate plan progress

In April 2023, FrieslandCampina published a [progress report](#) that sets out the steps it took in 2022 towards the implementation of its climate plan and the actions it will take in 2023 to achieve the targets for 2030.

Also, maturing debts were refinanced by issuing a 300 million euros Schuldschein, linked to environmental, social and governance (ESG) goals.

Efficient and more sustainable production network

FrieslandCampina is working hard on making its production facilities sustainable. Key steps were taken in the Netherlands in this regard in the first half of 2023. For example, in March, FrieslandCampina Ingredients commissioned a new production facility in Veghel for lactoferrin. This has increased annual production capacity to 80 tonnes. The new installation complies with high sustainability standards. In Workum (the Netherlands), cheese production and whey production were expanded with new facilities, including a more sustainable milk reception facility, an energy efficient ice water installation and a sustainable energy supply. In the cheese plant in Gerkesklooster (the Netherlands) a more sustainable evaporator was installed and in Leeuwarden (the Netherlands) work was started on the construction of a new more sustainable energy plant that will reduce greenhouse gas

emissions at this location by 55 per cent in comparison to 2015. In addition, FrieslandCampina announced that it intends to concentrate butter production in Lochem (the Netherlands), as a result of which the branch in 's-Hertogenbosch will be closed in 2025. A new production line in Lochem will elevate butter production to a higher level in terms of efficiency and sustainability.

FrieslandCampina is not only taking steps in the Netherlands to improve sustainability, but also abroad. The sterilisers of Alaska Milk Corporation in the Philippines are equipped with a heat recovery system. A biomass plant for wood waste from the region is being constructed at our production facility in Lippstadt (Germany). The plant, which is to be completed in 2025, will contribute to reducing CO₂ emissions and increasing the site's energy efficiency. Finally, new, more sustainable plants are being constructed in Indonesia and Malaysia that are scheduled for completion in 2024.

Sustainable packaging

In the first half of 2023, progress was achieved in the area of sustainable packaging. An example of this is the opening of the first multi-layered plastic recycling facility in Southeast Asia, domiciled in the Philippines. Multi-layered plastic keeps food fresh longer, but is more difficult to recycle. Alaska Milk Corporation, together with D&G Pacific Corporation, has created an innovative recycling facility in Antipolo City,

Rizal, where, with the help of new technology, the used packaging material can be used to make plastic plates that can be processed into furniture or in the construction industry. This is an important step in reducing plastic pollution.

To comply with the European Union's Single Use Plastics Directive (SUPD) that will go into effect in July 2024, FrieslandCampina recently introduced new packaging with attached caps to improve the collection and recycling of plastic in the Netherlands and Belgium. Our goal is to have a packaging portfolio that is at least 95 per cent recyclable and/or reusable in 2025. Our aim is to be a circular and net climate-neutral company by 2050.

Sustainability at dairy farms

The failure to reach an agricultural agreement is disappointing. FrieslandCampina, as a cooperative enterprise has a strong interest in a strong dairy farming sector that is capable of investing in sustainable milk production and that is valued by society. A broadly supported agricultural agreement with prospects for dairy farmers and the dairy chain could have made an important contribution to this.

In March 2023, all member dairy farmers received a 'climate brochure' with tips for working on reducing greenhouse gases at dairy farms. The brochure also provides insight into the maximum possible greenhouse gas reduction for each measure for an average dairy farm. Together with

external consulting firms, FrieslandCampina organised various workshops on greenhouse gas reduction throughout the Netherlands for member dairy farmers. Approximately 600 dairy farms participated in these workshops this spring.

Valorisation

To further accelerate greenhouse gas reduction at member dairy farms, FrieslandCampina increasingly works together with chain partners, including customers in the food industry, such as Mondelēz International. In these partnerships, the customer coinvests in programmes at the farm to reduce greenhouse gas emissions. Milk streams, such as On the way to PlanetProof and Organic, continue to be important to be able to invest in sustainability at the farm. This way, we work on a sustainable dairy farming sector and at the same time, member dairy farmers can be compensated for the extra efforts associated with this.

Dairy Development

FrieslandCampina with its Dairy Development-activities supports China, Indonesia, Ivory Coast, Malaysia, Nigeria, Pakistan, Romania, Thailand and Vietnam to further develop their local agricultural sectors. An essential aspect in this area is to increase farm yield and thus the livelihood of local dairy farmers, whereby sustainable agricultural methods are applied whenever possible.

To meet the growing demand for local milk in Nigeria, several milk collection points were established and local farmers were trained in the first half of 2023. The programme also invested in better dairy cattle breeds. One of these breeds is Girolando, created by crossbreeding local cows with the Gir and Holstein breeds. The Girolando breed is suitable for tropical conditions, such as in Nigeria. These cows can effectively withstand heat and are more resistant to tropical diseases. This innovation helps local dairy farmers maintain sustainable dairy cattle.

One of FrieslandCampina's objectives is to increase the quality of dairy farm data in all of the countries in which it operates. This data is essential to help dairy farmers acquire insight into their farming operations as a basis for making focused improvements. This gives them insight into how to optimise their cost price, milk quality and emissions.

Bovaer pilot completed

In March of this year, FrieslandCampina, DSM and Agrifirm successfully completed the largescale pilot with Bovaer®, a methane-reducing feed additive for cows. During this pilot, the emission of cows in the Netherlands over a period of six months was reduced by 10,000 tonnes CO₂ equivalent. Through the largescale application of this methane inhibitor, the agricultural sector can make a significant contribution to reducing greenhouse gases. The pilot once again confirmed that Bovaer® can easily be incorporated into regular agricultural activities and does not adversely affect cow health, milk production or the milk's composition. As a result, Bovaer® can quickly be applied throughout the entire Dutch dairy sector, thus significantly reducing greenhouse gas emissions and helping the country achieve its climate targets. In total, 158 dairy farms with a total of 20,000 cows participated in the Dutch pilot.



On 1 June, World Milk Day, a key step in developing the dairy sector in Ivory Coast was made. On this day, the Ministry of Agriculture of Ivory Coast and the Dairy Expertise Centre, jointly established by FrieslandCampina, signed an agreement to work together on knowledge transfer and capacity building. The objective is to stimulate local milk production and consumption and to contribute to healthy nutrition for the population.

Innovation

FrieslandCampina devotes its efforts to developing products and brands that match the wishes and needs of consumers and customers. In this context, FrieslandCampina Ingredients in January of this year entered into a strategic partnership with the biotechnology company, Triplebar Bio Inc., to expand the production and development of proteins from cellular precision fermentation.

In the week of International Women's Day in March, FrieslandCampina, by endorsing the UN Women's Empowerment Principles, reaffirmed its commitment to gender equality and the empowerment of women in the workplace. FrieslandCampina is going to work with various stakeholders in the sector to ensure that more women end up in management positions.

Aside from dairy products, FrieslandCampina has expanded its product portfolio with plant-based drinks under the Campina brand in the Netherlands and Belgium and the NoyNoy brand in Greece. This way the company responds to the consumer demand for variety. A next step is to investigate whether member dairy farmers are able to cultivate raw materials for plant-based products. In this context, thirty Dutch member dairy farms are participating in a trial to gain experience cultivating oats and soy. This trial is an initiative of FrieslandCampina and Agrifirm. A total of 200 hectares oats and 50 hectares soy is involved.



Sale of part of German consumer activities completed

In April 2023, the Theo Müller group completed its acquisition of FrieslandCampina's German consumer activities. The Bundeskartellamt (German Federal Cartel Office) approved the acquisition in February. FrieslandCampina remains active on the German market with Chocomel, Valess and the cheese brands, Frico and Holland Master, as well as with a number of private labels produced outside Germany. It will also continue to pursue its Professional activities and those focused on the out-of-home segment. Approximately 675 employees transferred over to the new owner.

Fire in Lochem

On 12 June 2023, there was a fire at the production facility in Lochem that produces butter, butter oil, milk powder and milk filtration products. Fortunately, all employees were able to safely leave the building. The entire production came to a halt. The production and delivery of butter, butter oil and milk filtration products was resumed effective from 19 June. Three out of five milk powder towers were operational again during July. The repair of the remaining two towers will take some time. Despite this incident, the milk intake from member dairy farmers was not interrupted.

Executive Board changes

Chief Executive Officer, Hein Schumacher, left Royal FrieslandCampina N.V. on 1 May 2023, having accepted a new position as CEO of Unilever. Jan Derck van Karnebeek succeeded him as CEO of the company as of 1 June. Geraldine Fraser, Chief People Officer, left the company on 1 July 2023. A successor is currently being sought. In relation to the recently announced future simplification of the company's top structure, it was decided by mutual agreement that Roel van Neerbos will step down as member of the Executive Board and as President of Food & Beverage effective 1 November 2023. This role will be eliminated in the new top structure. Van Neerbos will stay on in his position until the end of October and during this time will also continue to fulfil his supervisory positions in FrieslandCampina's various operating companies.

Risks

The 2022 Annual Report sets out the uncertainties and risks that may have a material adverse impact on both the result and equity of FrieslandCampina. It also sets out how the company controls these risks. This description of uncertainties, risks and mitigating measures forms part of this half-year report by reference.

FrieslandCampina experienced a challenging first half of 2023, as set out in other sections of this Half-Year Report. The risk profile of the global markets in which FrieslandCampina operates remained high, particularly in the area of political,

geopolitical and related economic and financial risks. Furthermore, sustainability, fraud and cyber risks continue to be relevant.

The political/geopolitical situation continues to be extremely volatile due to the persistent war in Ukraine. The impact on the energy market decreased, but the impact on the global economy remained noticeable; for example in relation to the availability of (sustainable) raw materials, public finances, and (cyber) risks with respect to the vital infrastructure of countries. Furthermore, the trend in which governments are implementing more protectionist measures through means of import tariffs and laws and regulations is continuing, for example with respect to the traceability of raw materials. The expectation for the second half of 2023 is that the risk profile will be high. Market developments and economic and logistics impact relating to the war in Ukraine and other political tensions in regions we operate, are being closely monitored. In addition, national elections, new laws and regulations and potential unrest can also have an impact on the geopolitical risk profile (for example, after the elections in Pakistan, as well as in the runup to elections in the Netherlands, Indonesia and the United States).

On the economic front, the impact of high inflation and the associated high interest rates and high prices continued to be reflected in declining consumer confidence, loss of purchasing power and consequently a decreased demand for consumer products. This has led to a shift towards

cheaper local/private label products. This is where the challenge lies for FrieslandCampina to be able to continue to provide affordable, nutritious and innovative products. Despite the persisting labour market scarcity, we are still managing to attract qualified personnel on a timely basis, whereby we are also specifically devoting attention to retaining existing employees. The key risks that are being monitored are the declining growth of the gross domestic product in our key markets, inflation and price trends at our primary locations and a potentially emerging recession that further impacts consumer purchasing power, sales volumes and financial indicators. The related local market developments, customer demand and propositions naturally are managed on a daily basis by (local) sales & marketing teams.

In contrast to 2022, commodity dairy price developments in the first half of 2023 had a major negative impact on the company's result; it is expected that this negative impact will decrease in the second half of 2023. The challenges relating to the availability of U.S. dollars (for example in Nigeria, Pakistan and Egypt) continue to be relevant. The impact of rising interest rates on the company's financing is significant. However, it continues to be uncertain as to what measures will be implemented by central banks and as to what their impact will be. Our experts are closely monitoring commodity dairy price trends, as well as developments on the financial markets and public finances in order to be able to respond on a timely basis where necessary.

In the area of sustainability the proposed nitrogen law and regulation for the Dutch dairy industry remains the most important sector-specific risk for the company and its member dairy farmers. Various scenarios are available to cope with the inherent challenges of a declining milk supply.

Fraud and cyber risks continue to evolve as technology progresses. The increased use of artificial intelligence (AI) offers opportunities, and most certainly also entails risks, for example because of more advanced attacks, as well as in the area of (data) security. It continues to be important for employees to be aware of the opportunities and risks. Our training programmes, knowledge sharing about cybersecurity and working securely online, and recognising frequently occurring fraudulent methods of working contribute to a better protection against such risks.

Aside from actively managing the most important risk priorities, as outlined above, there are of course many opportunities and developments, as set out in other sections of this Half-Year Report. For example, in the recalibration of our strategy, new market propositions and the new structure of a global supply chain organisation. The most important objective in all of this is to pay dairy farmers a milk price that gives them a good return and that enables them to make the necessary, sustainable investments for the future.

Outlook

For the second half of 2023, the milk price paid to the member dairy farmers and commodity dairy prices are expected to converge. As a result, losses seen in the first half of 2023 due to the difference between milk price paid to member dairy farmers and the lower market value of stocks at the time of sale are expected to have a lower impact in the second half of the year. However, volumes are expected to remain under pressure in all markets due to inflation and the loss in consumer purchasing power. Rising interest rates and unfavourable currency translation effects are also expected to negatively impact the company's result in the second half of 2023. Finally, the company's cost structure will be reviewed which may result in restructuring costs in the second half of the year.

Executive Board

Jan Derck (J.D.) van Karnebeek
Chief Executive Officer

Hans (J.G.) Janssen
Chief Financial Officer

Roel (R.F.) van Neerbos
President, FrieslandCampina Food & Beverage

David (D.A.) Cutter
Chief Supply Chain Officer

Amersfoort, the Netherlands, 18 July 2023

Half-year figures



Consolidated income statement

In millions of euros

	First half-year 2023	First half-year 2022
Revenue	6,898	6,597
Cost of goods sold	-6,116	-5,447
Gross profit	782	1,150
Advertising and promotion costs	-272	-267
Selling and general administrative costs	-463	-445
Other operating costs and income		-110
Operating profit	47	328
Finance income and costs	-37	-7
Share of profit of joint ventures and associates, net of tax	5	5
Profit before tax	15	326
Income tax	-7	-187
Profit for the period	8	139
Profit attributable to:		
- holders of member bonds	27	13
- holders of perpetual bonds	4	4
- provider of Cooperative loan	9	4
- shareholder	89	82
Shareholder and other providers of capital	129	103
Shareholder as holder of non-controlling interests	-170	
Shareholder and other providers of capital (incl. non-controlling interests shareholder)	-41	103
Other holders of non-controlling interests	49	36
	8	139

Condensed consolidated statement of comprehensive income

In millions of euros

	First half-year 2023	First half-year 2022
Profit for the period	8	139
Items that will or may be reclassified to the income statement (net of tax):		
- Effective portion of cash flow hedges	-4	9
- Currency translation differences	-76	15
- Share in other comprehensive income of joint ventures and associates	1	2
	-79	26
Items that will never be reclassified to the income statement (net of tax):		
- Remeasurement of liabilities (assets) under defined benefit plans	2	17
	2	17
Other comprehensive income, net of tax	-77	43
Total comprehensive income for the period	-69	182
Total comprehensive income attributable to:		
- shareholder and other providers of capital	72	149
- shareholder as holder of non-controlling interests	-169	-5
Shareholder and other providers of capital (incl. non-controlling interests shareholder)	-97	144
Other holders of non-controlling interests	28	38
	-69	182

Condensed consolidated statement of financial position

In millions of euros

	30 June 2023	31 December 2022		30 June 2023	31 December 2022
Assets			Equity		
Property, plant and equipment	3,202	3,239	Issued capital	370	370
Intangible assets	1,334	1,403	Retained earnings and other reserves	2,278	2,246
Deferred tax assets	193	130	Equity attributable to shareholder	2,648	2,616
Joint ventures and associates	117	116	Member bonds	900	913
Employee benefits	9	9	Perpetual bonds	305	301
Other assets	82	79	Cooperative loan	292	295
Non-current assets	4,937	4,976	Equity attributable to other providers of capital	1,497	1,509
Inventories	1,874	2,064	Equity attributable to providers of capital	4,145	4,125
Trade and other receivables	2,000	2,488	Non-controlling interests shareholder	-538	-284
Cash and cash equivalents	244	421	Equity directly attributable to providers of capital	3,607	3,841
Assets held for sale		88	Other non-controlling interests	340	330
Current assets	4,118	5,061	Total equity	3,947	4,171
			Liabilities		
			Employee benefits	194	202
			Deferred tax liabilities	61	53
			Interest-bearing borrowings	1,067	993
			Other liabilities	97	99
			Non-current liabilities	1,419	1,347
			Interest-bearing borrowings	463	638
			Trade and other payables	3,226	3,875
			Liabilities held for sale		6
			Current liabilities	3,689	4,519
			Total liabilities	5,108	5,866
Total assets	9,055	10,037	Total equity and liabilities	9,055	10,037

Condensed Consolidated statement of cash flows

In millions of euros

	First half-year 2023	First half-year 2022
Operating activities		
Profit before tax	15	326
Depreciation of property, plant and equipment and amortisation of intangible assets	213	230
Impairments of property, plant and equipment and intangible assets	9	91
Movement in inventories, receivables and liabilities	29	-616
Other operating activities	-176	-120
Net cash flows from operating activities	90	-89
Investing activities		
Investments in property, plant and equipment and intangible assets	-225	-228
Disposals of property, plant and equipment, intangible assets and assets held for sale	2	12
Divestments of businesses, net of cash and cash equivalents	74	
Loans issued and received repayments of loans issued	49	-111
Capital contributions to associates	-1	
Net cash flows used in investing activities	-101	-327
Financing activities		
Dividend paid	-103	-34
Interest paid to holders of member bonds and subordinated bonds	-33	-20
Conversion member bonds and capital contributions		23
Interest-bearing borrowings drawn	1,156	932
Repayment of interest-bearing borrowings	-1,104	-741
Repayment of lease liabilities	-30	-34
Payment of contingent consideration	-26	
Settlement of derivatives and other	-5	-1
Net cash flows used in financing activities	-145	125
Net cash flow	-156	-291
Cash and cash equivalents at 1 January ¹	404	505
Net cash flow	-156	-291
Currency translation differences on cash and cash equivalents	-16	21
Cash and cash equivalents at 30 June¹	232	235

¹ Cash and cash equivalents also includes overdrafts that are repayable on demand and form an integral part of the cash management of FrieslandCampina.

Consolidated statement of changes in equity

In millions of euros

	First half-year 2023					First half-year 2022				
	Equity attributable to providers of capital	Non-controlling interests shareholder	Equity directly attributable to providers of capital	Other non-controlling interests	Total equity	Equity attributable to providers of capital	Non-controlling interests shareholder	Equity directly attributable to providers of capital	Other non-controlling interests	Total equity
At 1 January	4,125	-284	3,841	330	4,171	4,012	-377	3,635	326	3,961
Comprehensive income for the period:										
- profit for the period	129	-170	-41	49	8	103		103	36	139
- other comprehensive income	-57	1	-56	-21	-77	46	-5	41	2	43
Total comprehensive income for the period	72	-169	-97	28	-69	149	-5	144	38	182
Transactions with providers of capital recognised directly in equity:										
- dividends paid		-85	-85	-18	-103	-14		-14	-20	-34
- interest paid	-52		-52		-52	-26		-26		-26
- conversion of member bonds and capital deposits						23		23		23
Total transactions with providers of capital	-52	-85	-137	-18	-155	-17		-17	-20	-37
At 30 June	4,145	-538	3,607	340	3,947	4,144	-382	3,762	344	4,106

Notes to the consolidated financial statements

General

Royal FrieslandCampina N.V. has its registered office in Amersfoort, the Netherlands. The address is: Stationsplein 4, 3818 LE, Amersfoort, the Netherlands. The Company is registered in the Chamber of Commerce's Trade Register, No. 11057544. The consolidated half-year figures for the first six months ending on 30 June 2023 include Royal FrieslandCampina N.V. and its subsidiaries (collectively referred to as FrieslandCampina).

Zuivelcoöperatie FrieslandCampina U.A. ('Cooperative') is the sole shareholder of Royal FrieslandCampina N.V.

The consolidated half-year figures have not been audited.

Accounting principles

Statement of compliance

This half-year report is prepared in accordance with IAS 34 'Interim Financial Reporting'. This half-year report should be read in conjunction with the 2022 consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and, insofar as this is applicable, in accordance with Title 9 Book 2 of the Dutch Civil Code.

The accounting principles and calculation methods used to prepare the 2022 consolidated financial statements are also used to prepare this half-year report.

Changes in accounting policies

New and revised standards, amendments and interpretations as applied by FrieslandCampina

The standards and interpretations that are effective and applicable from 1 January 2023, which have been applied in preparing these consolidated financial statements, did not have a material impact. Those applicable after 1 January 2024 have not been applied.

Judgements, estimates and assumptions

The preparation of the consolidated half-year figures in accordance with EU-IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may deviate from management's estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis taking into account the opinion and advice of (external) experts. Gains or losses from revised estimates are reported in the period in which these estimates are revised and in future periods affected by the revised estimates.

Refer to the 2022 consolidated financial statements for an overview of the most important assumptions and estimates. No important changes, other than explained in this half-year report, occurred in the first half of 2023.

Consolidation of entities

There were no significant changes to the consolidation group in the first half of 2023 compared to 31 December 2022.

Financial risk management

The key financial risk management objectives and procedures within FrieslandCampina are consistent with the objectives and procedures set out in the consolidated financial statements 2022.

Seasonal influences

There are no significant seasonal patterns in the first half-year compared to the second half-year.

Segmentation

In 2023, FrieslandCampina has processed changes in the management structure in which mainly the mainstream infant nutrition activities of business group Specialised Nutrition have moved to business group Food & Beverage.

The segment changes did not result in re-allocation of goodwill.

FrieslandCampina distinguishes the following four market-orientated business groups, which are the operating segments disclosed in more detail:

- **Food & Beverage** produces and provides consumers throughout the world with dairy products, such as milk, yoghurt, condensed milk, dairy-based beverages, cheese, quark, butter, and cream. The business group Food & Beverage focuses on the consumer and professional channels.
- **Specialised Nutrition** focuses on the infant nutrition brand Friso, offering infant nutrition in five markets: China, Vietnam, Malaysia, Greece and Mexico.
- **Ingredients** is a business partner manufacturers wishing to differentiate themselves on healthy nutrition and wellbeing for consumers in all stages of life. The focus is on ingredients for infant nutrition and offers specific innovations and applications for adults in the field medical and sports nutrition.
- **Trading** is involved in selling and procuring basic dairy products for internal customers and external business-to-business customers. The product range includes cheese, butter, milk powder and liquid products, such as raw milk, cream, skimmed milk and milk concentrate. FrieslandCampina Trading also mitigates the risk of rising or declining raw material prices for dairy by hedging the Company's fat and protein positions.

Corporate activities, discontinued operations and Global Shared Services are recognised as other, since these activities cannot be classified under the market-oriented business groups.

The identified operational segments concern the separate segments within FrieslandCampina for which financial information is available that is frequently evaluated by the Executive Board. The Executive Board consists of the chief operating decision makers in deciding how to allocate resources to the segment and in assessing the segment's performance.

Segmentation by business group

	First half-year 2023						Total
	Food & Beverage	Specialised Nutrition	Ingredients	Trading	Other	Elimination	
Revenue third parties	4,799	582	752	765			6,898
Internal deliveries ¹	219	58	240	671		-1,188	
Total revenue	5,018	640	992	1,436		-1,188	6,898
Operating result	23	127	131	-138	-96		47
Financing income and -expenses							-37
Result from joint ventures and associates, after tax					5		5
Profit before tax							15
Operating result as % net revenue from third parties	0.5	21.8	17.4	-18.0			0.7
Carrying amount of assets employed in operating activities ²	5,208	863	1,677	412	338	-383	8,115
Carrying amount of other assets							940
Total assets							9,055
Liabilities resulting from operational activities ³	2,495	394	233	114	530	-383	3,383
Other liabilities							1,725
Total liabilities							5,108

1 Internal deliveries are accounted for in a similar way as transactions with third parties.

2 Relates to carrying amount of assets excluding deferred tax assets, joint ventures and associates, loans granted, securities, long-term receivables, corporate income tax receivables, receivables from Zuivelcoöperatie FrieslandCampina U.A., cash and assets held for sale.

3 Relates to employee benefits, provisions, derivative payables, trade payables and other liabilities, excluding liabilities to Zuivelcoöperatie FrieslandCampina U.A.

Segmentation by business group

	First half-year 2022						
	Food & Beverage	Specialised Nutrition	Ingredients	Trading	Other	Elimination	Total
Revenue third parties	4,711	497	752	613	24		6,597
Internal deliveries ¹	436	68	201	688	27	-1,420	
Total revenue	5,147	565	953	1,301	51	-1,420	6,597
Operating result	158	97	87	71	-85		328
Financing income and -expenses							-7
Result from joint ventures and associates, after tax					5		5
Profit before tax							326
Operating result as % net revenue from third parties	3.4	19.5	11.6	11.6			5.0
Carrying amount of assets employed in operating activities ²	5,672	808	1,694	569	707	-668	8,782
Carrying amount of other assets							1,033
Total assets							9,815
Liabilities resulting from operational activities ³	2,844	440	281	175	646	-668	3,718
Other liabilities							1,991
Total liabilities							5,709

1 Internal deliveries are accounted for in a similar way as transactions with third parties.

2 Relates to carrying amount of assets excluding deferred tax assets, joint ventures and associates, loans granted, securities, long-term receivables, corporate income tax receivables, receivables from Zuivelcoöperatie FrieslandCampina U.A., cash and assets held for sale.

3 Relates to employee benefits, provisions, derivative payables, trade payables and other liabilities, excluding liabilities to Zuivelcoöperatie FrieslandCampina U.A.

Revenue

Revenue by geographical location of customers	First half-year 2023	
		%
The Netherlands	1,627	24
Germany	462	7
Rest of Europe	1,719	25
Asia and Oceania	2,125	30
Africa and the Middle East	703	10
North and South America	262	4
	6,898	100

Revenue primarily consists of the sale of goods with settlement of the performance obligation by FrieslandCampina at a point in time and not over time.

Operating expenses

The cost of goods sold includes the compensation paid for milk to member dairy farmers in the amount of EUR 2.514 million (first half-year 2022: EUR 2.416 million).

Other operating costs and income

Costs for exchanging foreign currencies in Nigeria

In Nigeria, there is very limited availability of US dollars for meeting international payment obligations. As a result of this limited availability, required costs (foreign exchange losses) to obtain US dollars are higher compared to the official exchange rate in Nigeria. The company has an obligation to exchange Naira to US dollars in the local market. This obligation has been incurred to meet its international payment obligations. In 2022, costs of EUR 63 million were recognised for this obligation.

In 2023, the liability was partly consumed for realised costs of exchanging Naira to US dollars. In June, the remaining part of the liability of EUR 19 million was released as the official exchange rate devalued. From the release EUR 12 million was recognised in Other operating expenses and EUR 7 million in Financing expenses.

Divestment of German activities

As per April 1, 2023 FrieslandCampina legally finalized the sale of a part of its German consumer brands and activities, part of business group Food & Beverage, to Unternehmensgruppe Theo Müller. The sale consists of the production sites and distribution centers in Cologne, Heilbronn and Schefflenz, as well as some brands, including Landliebe.

The results up to the date of the divestment were recognised in the income statement. As of 1 April 2023, the activities are no longer being consolidated. The divestment resulted in a loss of EUR 3 million and is reported under Other operating costs.

Finance income and costs

The net interest costs in the first half of 2023 amounted to EUR 36 million (first half-year 2022: EUR 9 million).

In the first half of 2023, a negative result on currency translation in the amount of EUR 4 million for interest bearing receivables and payables in foreign currencies, as well as the results realised from financial derivatives, is included under finance costs and income. In the first half of 2022 the result on currency translation was EUR 4 million positive.

Taxes

The tax expense amount to EUR 7 million (first half-year 2022: EUR 187 million). The effective tax rate in the first half of 2022 is 50% (first half of 2022: 57%). The decrease is mainly due to the lower profit before tax and a lower write-down of the deferred tax asset in the Netherlands compared to 2022.

Property, plant and equipment

	Total
Carrying amount at 1 January	3,239
Disposed through divestments of businesses	-2
Additions	211
Disposals	-2
Currency translation differences	-55
Remeasurements	-4
Transfers to assets held for sale	1
Depreciation	-180
Impairments	-6
Carrying amount at 30 June	3,202

Impairments in the first half year of 2023 mainly relate to the finalization of the restructurings and sale of business in Germany. More information regarding the sale of business in Germany, is disclosed under Other operating income and costs.

Intangible assets

	Total
Carrying amount at 1 January	1,403
Additions	15
Currency translation differences	-49
Amortisation	-33
Impairments	-2
Carrying amount at 30 June	1,334

Inventories

During the first half year of 2023, inventories are written down for in total EUR 49 million (first half year 2022: EUR 39 million). The write-down of inventories is recognised in cost of goods sold.

Cash and cash equivalents

Cash and cash equivalents amounts to EUR 244 million as at 30 June 2023 (end of 2022: EUR 421 million). Total restricted cash amounts to EUR 15 million, of this, EUR 11 million in Nigeria is restricted for use by the group due to currency restrictions, including the very limited availability of USD.

Assets and Liabilities held for sale

All assets and liabilities classified as held for sale in 2022, related to the German consumer brands and activities and have been sold to Unternehmensgruppe Theo Müller on 1 April, 2023. No loss or gain has been recorded related to the sale of these assets and liabilities.

Equity

Reserve policy

The 2023-2025 reserve policy stipulates that 60% of the Company's profit based on the guaranteed price, as far as it attributes directly or indirectly to the shareholder of the Company, will be added to the retained earnings. As part of the payment for milk supply, 40% of this profit can be paid out to member dairy farmers as a supplementary cash payment. In the event of a goodwill impairment greater than EUR 100 million, it may be decided to deduct the entire amount from retained earnings via the profit appropriation. In case a book profit of at least EUR 100 million is realised relating to divestments of businesses, it may be decided to add the entire amount or part of the amount to retained earnings via the profit appropriation.

The reserve policy is described in the milk price regulation and is being revised every three years. After the General Meeting of Shareholders' adoption of the financial statements, the supplementary cash payments are made, if any. In 2023, EUR 85 million is paid to member farmers as supplementary cash payment for milk deliveries in 2022.

Pursuant to the reservation policy, an interim payment can be proposed on the basis of the results for the first half-year of FrieslandCampina and the quantity of milk supplied. The interim payment consists of 75% of the pro forma supplementary cash payment on the value of the quantity of milk supplied in the first half-year. Due to the uncertain outlook for the second half of the year, the Executive Board has decided not to make an interim payment to member farmers. The result for the first six months is insufficient for an interim payment.

Commitments and contingencies

The commitments and contingencies do not materially deviate from the commitments and contingencies that were disclosed in the consolidated financial statements 2022.

Transactions with related parties

There was no other significant change in the nature of the information concerning related party transactions.

Financial instruments

Accounting classifications and fair values

The carrying value of the financial assets and liabilities recorded in the consolidated balance sheet are stated below, as are the financial instruments measured at fair value, or with carrying amount that differ from the fair value, shown by valuation method. The fair value is the amount that would be received or paid if the receivables and/or liabilities were settled on the reporting date, without further liabilities. The different levels of input data for the determination of the fair value are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: input other than quoted market prices that come under Level 1 that is observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3: input related to the asset or liability that is not based on observable market data (unobservable input) whereby this input has a significant impact on the outcome.

	30 June 2023		
	Level 2	Level 3	Total fair value
Fair value hedge accounting instruments			
Hedging derivatives - assets	47		47
Hedging derivatives - liabilities	6		6
Mandatorily at fair value through profit or loss			
Hedging derivatives - assets	46		46
Hedging derivatives - liabilities	2		2
Put option liabilities		37	37
Contingent considerations		1	1

For interest bearing borrowings, the difference between the fair value and the carrying amount is disclosed below:

	30 June 2023	
	Carrying amount	Fair value
Financial liabilities not measured at fair value		
Interest-bearing borrowings – fixed rate	655	647
Interest-bearing borrowings – variable rate	888	888

FrieslandCampina also has other financial assets and liabilities that are not valued at fair value. In principle, the fair value of these financial assets and liabilities does not differ significantly in comparison to the carrying amount, since the interest paid is market based and the term is of short duration.

Hedging derivatives

The fair value of forward currency contracts is calculated by comparing them with the current forward prices of contracts with equal remaining terms based on current market data provided by Bloomberg . The fair value of cross currency - and interest rate swaps is determined on the basis of the present value based on current market data provided by Bloomberg. The fair value of the commodity swaps is determined on the basis of the statement of market-to-market valuations of the relevant counterparties.

Put option liabilities

The put option liabilities to other shareholders in the Dutch legal entity that holds 51% of the shares in FrieslandCampina Engro Pakistan Ltd. amounts to EUR 37 million as at 30 June 2023 (31 December 2022: EUR 68 million). In 2023, EUR 26 million was exercised and a revaluation of the put option liability was carried out. This resulted in a release of EUR 5 million recognized under Finance income and costs. The exercise price is primarily dependent on FrieslandCampina Engro Pakistan Ltd's profit before interest, taxes, and depreciation and amortisation.

Movements and transfers

The following movements of the financial instruments classified as level 3 took place in the first half of 2023:

	Contingent considerations	Put option liabilities
Carrying amount at 1 January	1	68
Redemptions		-25
Finance costs		-1
Fair value adjustment		-5
Carrying amount at 30 June	1	37

There were no transfers from or to levels 1, 2 or 3 during the first half year of 2023.

Subsequent events

There were no significant subsequent events noted.

Amersfoort, the Netherlands, 18 July 2023



FrieslandCampina n.v.

nourishing by nature

Royal FrieslandCampina N.V.

FrieslandCampina is one of the largest dairy companies in the world with a cooperative tradition of more than 150 years. The company processes the milk from dairy farms into a wide range of dairy products and ingredients. This way, FrieslandCampina every day provides hundreds of millions of people throughout the world with valuable nutrients from milk.

Royal FrieslandCampina N.V. is fully owned by Zuivelcoöperatie FrieslandCampina U.A., with 15,137 dairy farmers in the Netherlands, Belgium and Germany as members. Through the cooperative, these member dairy farmers own and supervise the company. Together with its member dairy farmers, FrieslandCampina manages the entire production chain: from grass to glass.

FrieslandCampina provides consumers with dairy products, such as milk, yoghurt, condensed milk, dairy-based beverages, cheese, butter, quark, and cream. The dairy company supplies specific nutrition to specific consumer groups, such as children, the elderly, and sportspeople. Professional customers, such as bakers, pastry chefs, chocolate confectioners, chefs, and caterers can rely on FrieslandCampina for a broad product range, including creams, butters, desserts, and fillings. In addition, the Company supplies high-quality ingredients to international food producers and pharmaceutical companies.

In 2022, 9,927 member dairy farms in the Netherlands, Germany, and Belgium supplied over 9.5 billion kilogrammes of milk for processing into dairy products and ingredients. FrieslandCampina has branches in 30 countries and exports to more than one hundred countries worldwide. In 2022, FrieslandCampina employed an average of 21,715 employees (FTEs). For additional information, visit our website: www.frieslandcampina.com.

Royal FrieslandCampina N.V.

Stationsplein 4
3818 LE Amersfoort
The Netherlands
T +31 33 713 3333

www.frieslandcampina.com